



GENERAL ASSEMBLY

COMMONWEALTH OF KENTUCKY

2015 REGULAR SESSION

HOUSE BILL NO. 47

MONDAY, FEBRUARY 9, 2015

The following bill was reported to the Senate from the House and ordered to be printed.

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ALISON LUNDERGAN GRIMES
SECRETARY OF STATE
COMMONWEALTH OF KENTUCKY
BY K. Allen

1 AN ACT relating to the Public Pension Oversight Board.

2 ***Be it enacted by the General Assembly of the Commonwealth of Kentucky:***

3 ➔Section 1. KRS 7A.200 is amended to read as follows:

4 The Public Pension Oversight Board of the Kentucky General Assembly is hereby
5 established. The purpose of the board shall be to review, analyze, and provide oversight
6 to the General Assembly on the benefits, administration, investments, funding, laws and
7 administrative regulations, and legislation pertaining to the state-administered retirement
8 systems~~[Kentucky Retirement Systems]~~.

9 ➔Section 2. KRS 7A.210 is amended to read as follows:

10 As used in KRS 7A.200 to 7A.260, unless the context requires otherwise:

11 (1) "Board" means the Public Pension Oversight Board;

12 (2) "State-administered retirement systems~~[Kentucky Retirement Systems]~~" means:

13 (a) The State Police Retirement System as provided by KRS 16.505 to 16.652;

14 (b) The Kentucky Employees Retirement System as provided by KRS 61.510 to
15 61.705;~~and~~

16 (c) The County Employees Retirement System as provided by KRS 78.510 to
17 78.852;

18 (d) The Legislators' Retirement Plan as provided by KRS 6.500 to 6.577;

19 (e) The Judicial Retirement Plan as provided by KRS 21.345 to 21.580; and

20 (f) The Kentucky Teachers' Retirement System as provided by KRS 161.220 to
21 161.716; and

22 (3) "State agency" means any department, commission, council, board, bureau,
23 committee, institution, legislative body, agency, government corporation, or other
24 entity of the executive, judicial, or legislative branch of the state government.

25 ➔Section 3. KRS 7A.220 is amended to read as follows:

26 (1) The Public Pension Oversight Board shall be composed of the following thirteen
27 (13) members:

- 1 (a) Two (2) members of the General Assembly appointed by the Speaker of the
2 House of Representatives, each of whom shall serve while a member of the
3 House for the term for which he or she has been elected, and one (1) of whom
4 the Speaker shall designate as co-chair;
- 5 (b) Two (2) members of the General Assembly appointed by the President of the
6 Senate, each of whom shall serve while a member of the Senate for the term
7 for which he or she has been elected, and one (1) of whom the President shall
8 designate as co-chair;
- 9 (c) One (1) member of the General Assembly appointed by the Minority Floor
10 Leader of the Senate, who shall serve while a member of the Senate for the
11 term for which he or she has been elected;
- 12 (d) One (1) member of the General Assembly appointed by the Minority Floor
13 Leader of the House of Representatives, who shall serve while a member of
14 the House for the term for which he or she has been elected;
- 15 (e) One (1) individual appointed by the Speaker of the House of Representatives,
16 who shall be certified as a chartered financial analyst (CFA) with at least ten
17 (10) years of investment experience or who shall possess at least ten (10)
18 years of retirement experience as defined by subsection (2) of this section;
- 19 (f) One (1) individual appointed by the President of the Senate, who shall be
20 certified as a chartered financial analyst (CFA) with at least ten (10) years of
21 investment experience or who shall possess at least ten (10) years of
22 retirement experience as defined by subsection (2) of this section;
- 23 (g) The state budget director or his or her designee;
- 24 (h) The Auditor of Public Accounts or his or her designee;
- 25 (i) The Attorney General or his or her designee; and
- 26 (j) Two (2) individuals appointed by the Governor, one (1) of whom shall be
27 certified as a chartered financial analyst (CFA) with at least ten (10) years of

1 investment experience and one (1) of whom shall possess at least ten (10)
 2 years of retirement experience as defined by subsection (2) of this section.

3 (2) For purposes of this section, "retirement experience" means:

- 4 (a) Experience in retirement or pension plan management;
- 5 (b) A certified public accountant with relevant experience in retirement or
 6 pension plan accounting;
- 7 (c) An actuary with relevant experience in retirement or pension plan consulting;
- 8 (d) An attorney licensed to practice law in the Commonwealth of Kentucky with
 9 relevant experience in retirement or pension plans; or
- 10 (e) A current or former university professor whose primary area of emphasis is
 11 economics or finance.

12 (3) Individuals appointed under subsection (1)(e), (f), and (j) of this section shall not:

- 13 (a) Be a member of the General Assembly;
- 14 (b) Be employed by a state agency of the Commonwealth of Kentucky or
 15 receiving a contractual payment for services rendered to a state agency of the
 16 Commonwealth of Kentucky that would conflict with his or her service to the
 17 board; or

18 (c) ~~Be a member or retired member of the Kentucky Retirement Systems; or~~

19 (d) ~~]~~ Serve more than three (3) consecutive four (4) year terms on the board.

20 (4) Any vacancy which may occur in the membership of the board shall be filled by the
 21 appointing authority who made the original appointment.

22 (5) Individuals appointed under subsection (1)(e), (f), and (j) of this section shall
 23 serve a term of four (4) years.

24 ➔Section 4. KRS 7A.240 is amended to read as follows:

25 The Public Pension Oversight Board shall have the authority to:

- 26 (1) Except for information protected under ~~as provided by~~ KRS 61.661 or 161.585 or
 27 information specific to the account of a current or former employee or retiree,

1 require the state-administered retirement systems~~[Kentucky Retirement Systems]~~,
 2 or any other state agency, to provide any and all information necessary to carry out
 3 the duties of the board, including any actuarial analysis. The cost of providing the
 4 information to the board, including any actuarial analysis, shall be included in the
 5 administrative budget of the state-administered retirement systems~~[Kentucky Retirement Systems]~~
 6 ~~Retirement Systems]~~ or the state agency;

7 (2) Conduct public hearings in furtherance of its general duties, at which it may request
 8 the appearance of officials of any state agency and solicit the testimony of interested
 9 groups and the general public;

10 (3) Establish a uniform format for reports and data submitted to the board by the state-
 11 administered retirement systems~~[Kentucky Retirement Systems]~~ and the frequency
 12 and due dates for the reports and data;

13 (4) Request the Auditor of Public Accounts to perform a financial or special audit of
 14 the state-administered retirement systems~~[Kentucky Retirement Systems]~~; and

15 (5) Subject to selection and approval by the Legislative Research Commission, utilize
 16 the services of consultants, actuaries, managers, legal counsel, and auditors to
 17 render professional, managerial, and technical assistance, as needed.

18 ➔Section 5. KRS 7A.250 is amended to read as follows:

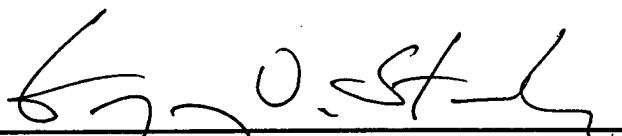
19 The Public Pension Oversight Board:

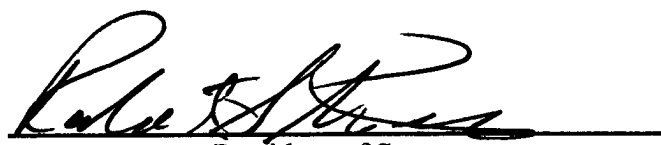
20 (1) Shall, from time to time, conduct an impartial review of all the laws governing the
 21 state-administered retirement systems~~[Kentucky Retirement Systems]~~ and
 22 recommend any changes it may find desirable with respect to benefits and
 23 administration, funding of benefits, investments of funds, and the improvement of
 24 language, structure, and organization of the statutes;

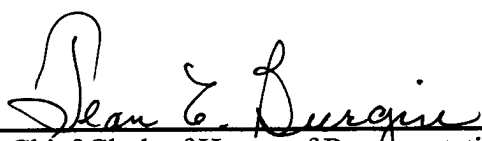
25 (2) Shall, once every five (5) years, review the benefits provided to employees who
 26 begin participating in the systems administered by Kentucky Retirement Systems on
 27 or after January 1, 2014, and recommend any changes to the provisions affecting

- 1 these employees that are necessary to maintain the actuarial soundness of the
 2 systems;
- 3 (3) Shall review semiannually the investment programs of the *state-administered*
 4 *retirement systems*~~[Kentucky Retirement Systems]~~, including a review of asset
 5 allocation targets and ranges, risk factors, asset class benchmarks, total return
 6 objectives, relative volatility, performance evaluation guidelines, investment
 7 policies, and securities litigation policies and recoveries from fraud or other
 8 corporate malfeasance. The board may establish an advisory committee, as provided
 9 by KRS 7A.260, which may include investment professionals to assist in complying
 10 with the provisions of this subsection;
- 11 (4) May review any benefits, bylaws, policies, or charters established by the *state-*
 12 *administered retirement systems*~~[Kentucky Retirement Systems]~~;
- 13 (5) Shall, at the request of the Speaker of the House of Representatives or the President
 14 of the Senate, evaluate proposed changes to laws affecting the *state-administered*
 15 *retirement systems*~~[Kentucky Retirement Systems]~~ and report to the Speaker or the
 16 President on the probable costs, actuarial implications, and desirability as a matter
 17 of public policy;
- 18 (6) May review all new or amended administrative regulations of the *state-*
 19 *administered retirement systems*~~[Kentucky Retirement Systems]~~ and provide
 20 comments to the Administrative Regulation Review Subcommittee established by
 21 KRS 13A.020;
- 22 (7) Shall research issues related to the *state-administered retirement systems*~~[Kentucky~~
 23 ~~Retirement Systems]~~ as directed by the Legislative Research Commission; and
- 24 (8) Shall publish an annual report covering the board's evaluation and recommendations
 25 with respect to the operations of the *state-administered retirement*
 26 *systems*~~[Kentucky Retirement Systems]~~. The report shall be submitted to the
 27 Legislative Research Commission no later than December 31 of each year and shall

1 include at a minimum any legislative recommendations made by the board, a
2 summary of the financial and actuarial condition of the *state-administered*
3 *retirement systems*~~[Kentucky Retirement Systems]~~, and an analysis of the adequacy
4 of the current levels of funding.


Speaker-House of Representatives


President of Senate

Attest: 
Chief Clerk of House of Representatives

Approved 
Governor

Date 